ACH Services

WACHOVIA

WACHOVIA'S ACH SERVICES

Quick Reference Guide

Welcome to Wachovia ACH Processing. This guide answers several of the most common questions that we hear from customers who utilize ACH services. It also points users toward other sources of information. First, here are two important points of contact:

- For general ACH inquiries following implementation of your service, call your customer service representative. See Service Support and Assistance on page 12.

- For questions about file delivery, call Data Transmission Production Support at 1-800-659-1715.

TABLE OF CONTENTS

TERMINOLOGY

When you call Wachovia about your ACH processing, our mutual understanding depends upon sharing a common set of terms. These terms may prove useful in reporting a problem or inquiring about a transaction.

ACH Transaction – An ACH transaction is a monetary item that is routed through the automated clearinghouse network for settlement on a specified date. It may also be referred to as an Electronic Funds Transfer, or EFT. However, an ACH transaction is *not* a wire transfer or a "wire." A wire transfer is a completely different product from ACH. The wire transfer system enables immediate transfer of funds for single entries, typically at larger dollar values than average ACH transactions.

Originator – The party who creates an ACH transaction.

Receiver – The party whose account receives an ACH transaction.

ODFI - The Originating Depository Financial Institution. For Wachovia customers, this is Wachovia Bank, N. A.

RDFI - The Receiving Depository Financial Institution (the receiver's bank).

Return - A *return* is a transaction that was intended to debit or credit a receiver's account but which was not posted to the account. Instead, it was returned to the originator. The ACH rules allow various participants in the system to exercise their respective rights not to accept an entry and to return it through the ACH network. Participants such as the RDFI or the receiver can initiate a return for any one of a number of very specific reasons. For a complete list of *Return Reason Codes*, refer to the current edition of the ACH Rules.

Prenotification – A *prenotification*, or *prenote*, is a non-monetary entry that an originator sends through the ACH network to an RDFI. It contains the same posting information (with the exception of dollar amount and transaction code) that subsequent entries to the particular receiver will carry. The transaction allows RDFI's to validate the posting information. Although not mandatory, prenotes are **strongly recommended** for all transactions. When an originator initiates a prenote to a receiver, it must do so at least six banking days before initiating the first live dollar electronic transaction to that receiver.

NOC – <u>N</u>otification <u>of</u> <u>C</u>hange. A Notification of Change is a non-monetary transaction by which an RDFI notifies an ODFI that information contained in an entry the RDFI has received and posted has become outdated, or that information contained in a pre-notification is incorrect. An ODFI must provide information contained in an NOC to its Originator. The Originator must make the changes specified in the NOC within six banking days of receipt of the NOC information (or prior to initiating another entry to the Receiver's account, whichever is later).

Reversal – A transaction intended to reverse a previous transaction that has already been processed through the ACH system. Reversals must meet certain requirements. Those requirements are laid out in detail in this document.

Deletion – An action performed by an ODFI to eliminate a transaction, batch, or file after the transaction, batch, or file has been transmitted to the ODFI but before it has been processed and distributed.

Stop Payment – An instruction from an account holder which indicates that a particular transaction should not be paid.

Balanced file – A file that contains an offsetting settlement entry to the originator's account. Balanced files are accepted only on an exception basis for Wachovia ACH origination processing.

Unbalanced file – A file that does not contain an offsetting settlement entry to the originator's account and for which the ODFI creates the offsetting entry . Unbalanced files are considered standard for Wachovia ACH origination processing.

Authorization – Permission from a receiver to create a transaction to the receiver's account.

> **A Note about Corporate Debits**
> Originators of debits to corporate receivers other than their own subsidiaries need to be aware of the sensitivity of this practice. Many corporate receivers are reluctant to allow debit activity to their accounts. Therefore it is imperative that the agreement supporting this type of activity is complete and accurate.

SERVICES

ν FILE ACKNOWLEDGEMENT

When an ACH originator sends a file to Wachovia, a process called File Acknowledgement can confirm that Wachovia received the transmission. Customers can receive File Acknowledgement via fax or e-mail. The Acknowledgement will provide file totals and a status of the file (i.e. pass, fail or empty). If you do not currently receive an acknowledgement and are interested in this service, please contact your Treasury Services Officer about ACH File Acknowledgement.

ν FILE MAINTENANCE

Sometimes despite the best-laid plans and most careful preparations, an ACH originator will send its bank a transaction that needs to be corrected. With certain restrictions, Wachovia can make the necessary corrections. To request maintenance on a file that you have already transmitted to Wachovia, contact your customer service representative.

File Maintenance Restrictions

- Wachovia can perform maintenance only on an unbalanced file.
- ACH network delivery schedules necessitate **three or more days'** lead time prior to a transaction's effective date in order to perform maintenance on ACH credits.
- Maintenance for ACH debits requires **two or more days'** lead time prior to the effective date.

Additions and Deletions

Originators sometimes need to add or delete transactions after they have delivered an ACH file to Wachovia. This might occur when a receiver revokes the originator's authorization or when the originator needs to stop the transaction prior to distribution.

For ACH transactions that have not yet been distributed, Wachovia can delete an individual transaction, a batch, or a file. When an originator wants to add transactions to a file that it has already transmitted, Wachovia can add as many as five transactions to any batch.

To Add Information to an undistributed ACH File

As many as five individual transactions may be added to a batch warehoused by Wachovia. Adding transactions to an existing file requires specific information:

- The ACH company identification number
- Customer identification number
- The effective date
- The amount of the transaction
- The transit/routing number of the receiving bank (RDFI)
- The receiver's account number
- The receiver's account type - savings or checking
- The transfer type - credit or debit
- The receiving consumer's or company's name

To Delete a File, Batch, or Individual Transaction

File deletion requires specific information:

- ....Th e ACH company identification number
- ....Th e effective date(s)
- ....Th e total amount contained in the file, and
- ....Th e total number of credit and debit transactions in the file

Batch deletion requires additional information:

- The total amount contained in the batch, and
- The total number of credit and debit transactions in the batch

Deletion of an individual transaction requires still more detail:

- ACH identification number
- Effective date
- The account name and number of the receiver
- The total amount of the transaction
- Transit/routing number
- Whether the transaction is a credit or debit

ν REVERSALS

ACH originators sometimes determine that they need to delete an entry only after the transaction has been distributed. Distributed transactions can be reversed on a file, batch, or transaction level.

If Wachovia has already transmitted your file to the ACH network, we can create a new transaction to reverse any specific transaction. We will send out the reversing entry or entries in the next transmission, or we can call the receiving financial institution and request that they return a particular transaction. To request a reversal, contact your customer service representative.

NOTE:

- **Reversals do not guarantee that the funds will be returned to the originator. It is imperative that credit originators take special care to ensure that no transactions are sent out to unintended receivers. Do not rely on the reversal process to recover funds.**

- **A reversal can only be executed within five days of settlement date and must be authorized by the receiver. When you request that Wachovia reverse a transaction, NACHA Rules require that you notify the receiver of the reversing entry and the reason for the reversing entry to the receiver's account. This notice must be provided no later than the settlement date of the reversal. If these criteria are not met, Wachovia can only request that the RDFI return a transaction.**

To Reverse a File, Batch, or Individual Transaction

Reversing a file that has been released to the ACH network requires specific information:
- The ACH company identification number
- The effective date(s)
- The total amount contained in the file
- The total number of credit and debit transactions in the file

Additional information is necessary to reverse a batch:
- The total amount contained in the batch
- The total number of credit and debit transactions in the batch.

Still more detail is required to reverse a single transaction:
- The individual identification number
- The account name and number of the receiver
- The total amount of the transaction

- Transit/routing number
- Whether the transaction is a credit or debit

ν **RETURNS REPORTING**

Wachovia offers many options by which to receive information about returned transactions. All of the options are listed below. Contact your Treasury Services Officer for pricing information and to request one of these services.

1. **Return Item Report** - View details of ACH and paper returns through one of three options. Receive your report via:
   - ....Personal computer
   - ....E-Mail
   - ....Fax

2. **Data Transmission** - Wachovia will automatically send a daily transmission of ACH returns in a standard NACHA formatted file to your company.

3. **U.S. Mail** - Returns are delivered by way of paper advices.

FREQUENTLY ASKED QUESTIONS

Q: Who should I call with questions about an ACH transaction?

A: Call your customer service representative.

Q: What information is needed to research an ACH transaction?

A: At a minimum, we need the account number for any ACH transaction we are researching. We also need the specific date a transaction posted and the dollar amount of the transaction. If we are researching something for an Originating customer, it is also helpful to have that customer's Company ID number.

Q: What is an "ACH Company ID"?   Why is it important?

A: An ACH Company ID identifies a profile within the ACH processing system. The profile provides specific information about each customer. This information includes the method by which the customer submits files, how the customer receives returns notification, and the account to which settlement entries should post. The Company ID is vital to ACH personnel in locating customers on the ACH system.

Q: How does an ACH *stop payment* work?

A: The ACH stop payment is designed to stop an ACH transaction one time. A stop payment is not designed to permanently prevent a recurring ACH transaction, nor does it cancel the authorization the receiver provided to the originator of the transaction. The most critical piece of information in an ACH stop payment is the Originator name. If the Originator is incorrect, the stop payment may not work.

Q: When do ACH transactions post to accounts?

A: Several factors affect when an ACH transaction posts. The most important of these is the effective date. The originating company, not Wachovia's ACH Department, determines the effective date of each transaction.

Posting also depends upon when the ACH Department receives the file from the originator. Generally, an ACH Debit must be received by Wachovia's ACH Department one business day prior to the effective date for the transaction to hard-post on the night of the effective date. No ACH originator, including Wachovia, can influence whether or not a receiving institution will memo-post transactions during the day on the date that they become effective.

An ACH Credit should be received by Wachovia's ACH Department two business days prior to the effective date (or, at the latest, 11:00 a.m. one business day prior to the effective date) for the transaction to memo-post on the morning of the effective date and hard post that night.

Some originators use services such as Integrated Payables/Integrated Receivables or Wachovia Connection as the transmission method by which to deliver ACH files to Wachovia. File delivery deadlines for these applications may differ from the deadlines for those who transmit files directly to ACH. When using other applications to deliver ACH files, check with those applications for their respective deadlines.

Q. Explain the difference between an ACH *reversal* and an ACH *delete*, and what information is needed to process each.

A: Reversals and deletes are requested by ACH Originators in an attempt to prevent an ACH credit or debit from posting. Reversals and deletes can be requested at the file, batch or transaction level. To request a delete, a Wachovia originator must have submitted their ACH file at least 3 days prior to the effective date of the transactions in the file. A delete is a more permanent option than a reversal because processing a delete removes the transaction completely from the ACH file before it ever leaves Wachovia.

A reversal can be submitted before the effective date of a transaction/batch/file or up to four days after the effective date. A reversal is an originated (outgoing) transaction that is the opposite of a previously originated transaction. Reversals are not guaranteed, particularly on credits, because the receiver has had access to the funds prior to receipt of the reversing entry.

Q: What is an ACH *reject*, and how is a reject handled?

A: An ACH reject is an electronic transaction that cannot process smoothly through the Wachovia ACH system. The transaction could reject for a variety of reasons including invalid Transit Routing number or improper format. The rejected transaction is handled much like a returned transaction. It

is posted to the originating customer's exceptions account on the effective date of the transaction, and the customer is notified of the reject through the same method by which the customer receives returns notifications.

Q: My company plans to change software or hardware and wants to send an ACH test file to make sure their ACH processing is still okay. What do I need to do to arrange the test?

A: Contact Data Transmission Production Support at 1-800-659-1715.

Q: I want to change the account that is debited/credited for my company's ACH files. What do I need to do?

A: Contact your Wachovia Implementation Project Manager.

Q: How do I change information such as ACH returns notification address or company contact information?

A: Contact your Wachovia Implementation Project Manager.

ADDITIONAL INFORMATION

ν RETURN REASON CODES

Receiving Depository Financial Institutions (RDFI's) use a set of codes to indicate the specific reason for returning a transaction to an originator. For a complete list of Return Reason Codes, refer to the current ACH rules published by NACHA – The Electronic Payments Association.

ν NOTIFICATION OF CHANGE (NOC) CODES

Receiving Depository Financial Institutions (RDFI's) use specific codes to inform an originator of the need to change certain information in a transaction. For a complete list of NOC Codes, refer to the current ACH rules published by NACHA – The Electronic Payments Association.

ν ACH RULES

To obtain a copy of *ACH Rules* for the current year, or for other helpful information about ACH processing, visit the NACHA web site at www.nacha.org. Purchasing a copy of *ACH Rules* entitles the user to access the rules via the Internet at www.achrulesonline.org. The search features of the online edition can be very helpful, especially to those who are unfamiliar with the rules.

ν PROBLEM RESOLUTION

In the event that Wachovia ACH Services experiences any problem with your file, we will get in touch with the primary contact that we have on file for your company. Regardless of time of day, your company will be contacted. For this reason, after-hours names and numbers are extremely important. Notify us when changes to these names and numbers occur. To update your company's information, call your Wachovia Implementation Project Manager. Specify that you wish to update a point of contact for ACH processing.

SERVICE SUPPORT AND ASSISTANCE

FILE DELIVERY INQUIRIES
For questions about file delivery, call Data Transmission Production Support at 1-800-659-1715.

GENERAL INQUIRIES
For general information regarding this service, contact the Commercial Customer Service Center at 1-800-222-3862 and press 795#. Customer support is available from 7:00am until 7:00pm (ET), Monday through Friday (closed bank holidays).

TECHNICAL SUPPORT
For technical assistance regarding this service, contact the Technical Consulting Hotline at 1-800-326-7288. Technical support is available from 8:00am until 5:30pm (ET), Monday through Friday (closed bank holidays). If you are calling outside the U.S., call 704-374-3312.

ONLINE HELP
For additional assistance, please access the Online Help feature located inside the application.